

John,

The process we use to complete an interconnection to our system by third party generators (renewable or otherwise) is as follows:

Step 1. LCPD System Studies.

We utilize a three study process to determine the ability to interconnect a third party generator to our system. These studies are Feasibility, Impact and Facility. The cost and schedule to conduct these studies is dependent upon the location and complexity of the proposed project. To initiate the LCPD System Study process, the developer of the third party generation provides us with the specifics of their proposed project. We prepare the estimated cost of the studies. If the developer wishes to proceed, we issue our standard Study Agreement. Once executed by both parties and required payments received we proceed with the studies.

Step 2. NV Energy Affected System Study.

NV Energy is the balancing authority for the LCPD area and will need to study the impacts of the proposed project on the balancing authority interconnected system if they are 20 MW or greater. To conduct these studies, NV Energy requires LCPD to complete the Feasibility and Impact studies first. If the developer of the third party generation elects to proceed with the project after these first two studies are completed, LCPD will enter into an Optional Study Agreement with NV Energy. The cost of the Affected System Study again depends on the specifics of the project.

Step 3. Interconnection Agreement.

If the developer of the third party generation elects to proceed with the project after all studies are complete, LCPD would issue its standard interconnection agreement (small for 10 MW and under projects and large for over 10 MW projects). Once executed by both parties and the required payments received LCPD would proceed with design, material procurement and construction of the interconnection electric system facilities.

Step 4. Transmission Agreement and Power Sales Agreement.

Prior to energization of the interconnection, LCPD would issue its standard transmission agreement for point-to-point transmission service. Prior to energization of the interconnection, LCPD would issue its standard power sales agreement if the station service, or black start power is required for the project. Once the agreements are executed by both parties we would proceed to provide service.

John, over the past 3 or so years we have received numerous inquiries. Although we have not tracked telephone and email contacts, I would not be surprised if this number is not approaching 100 inquiries.

Since we have adopted this four step process, three developers have completed the first study of step 1. Two of these never went any further than that and their study work has since expired.

One developer of a small (3MW) plant has proceeded to construction. We are in the final stages of interconnection and the plant is expected to be energized in mid-February.

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